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INTRODUCTION

(Muhammad Nabeel Musharraf)

We are highly excited to present the first issue of **Australian Journal of Management and Financial Research (AJMFR)**. It has been my pleasure to serve as the chief editor of this journal and contribute to its launch.

Following is a brief overview of our journal, its purpose and current issue.

PURPOSE:

AJMFR is a multi-disciplinary and open-access publication launched with an aim to encourage and facilitate the original research with a particular focus on developing countries. Accordingly, all publication fees are waived off for students from 28 different universities from these countries.

Our scope covers a broad range of disciplines including management and finance including operations management, leadership, business improvement, quality assurance, marketing, production administration, financial accounting and other relevant areas.

Research papers, book reviews, thesis and other scholarly works can be submitted for review throughout the year. Each year, **AJMFR** has planned to launch one issue.

We aim to go a step ahead of other journals in terms of our commitment to nurturing the future researchers. In order to further this aim, we will be more than pleased to guide, assist and train young researchers and help them pave their way into an exciting research career. We are also very keen to form partnerships with universities in order to provide them useful research support and train their young researchers.

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OVERVIEW OF CURRENT ISSUE:

This issue contains some very exciting research papers.

The first article, ECONOMIC IMPACTS OF AUSTRALIAN WOOL RESERVE PRICE FLOOR, presents a historical overview of Australia's wool industry the impact it received from the price floor decision.

The second article, ASSESSMENT OF COFFEE IMPORT TO AUSTRALIA FROM INDIA AND INDONESIA, assess various import options for importing coffee to Australia. Geographic, production and financial considerations have been assessed.

Third article, SETTLEMENT, LITIGATION AND LORD WOOLF'S REFORMS, deals with the impact of reforms introduced by Lord Woolf and their impact on the litigation system and settlement processes.

The fourth article, A LITERATURE REVIEW ON CRM – DEFINITIONS, BENEFITS, COMPONENTS, AND IMPLEMENTATION, presents a literature review on customer relationship management.

It is important to critically analyse any changes to ascertain their effectiveness and facilitate their review. Article 5, RECOMMENDATIONS FOR IMPROVEMENT IN AUDIT QUALITY - CORPORATIONS LEGISLATION AMENDMENT (AUDIT ENHANCEMENT) BILL 2012, is an effort in this regard. It critically evaluates the Audit enhancement amendment bill, 2012 from various perspectives within Australia's governance system.

I would like to extend my gratitude to all researchers, reviewers and others who supported Australian Research Journals in launching this research journal and presenting the current issue. We hope it comes out as a highly beneficial endeavour for the whole engineering and technology research community.

Yours Sincerely,

Muhammad Nabeel Musharraf

July 5, 2016

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NUMBERING PROTOCOL:

The following protocol is deployed for numbering the journal issues:

1. Volume:

A new volume is commenced each financial year (For example, Vol1 contains article entries for 2015-16, Vol2 will contain entries for 2016-17 etc.)

2. Issue:

Each year, 1 normal issue will be released which will be known as issue 1.

Example:

Australian Journal of Management and Financial Research, Vol. 1, Issue 1 – 2016
(This will contain the articles published between July, 15 to June, 16)

Australian Journal of Management and Financial Research, Vol. 2, Issue 1 – 2017
(This will contain the articles published between July, 16 to June, 17)

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ECONOMIC IMPACTS OF AUSTRALIAN WOOL RESERVE PRICE FLOOR

Matthew Day

ABSTRACT:

It wasn't so long ago that the wool industry was one of Australia's main export earners. We once proudly proclaimed that 'Australia rode on the sheep's back' and our magnificent wool market brought Australia a great prestige. However, in the late 80s and early 90s, wool industry saw a major collapse. It is mainly attributed to the scuttling of the Reserve Pricing Scheme. Woolgrowers went bankrupt and textile firms faced huge financial losses resulting in tarnishing of our reputation internationally and creating enduring resentment and hastening the switch to synthetic fibres. With excess wool lying around the market, sheep had to be killed to stop further production. This article is a literature review paper analysing the impacts of Australian wool reserve price floor in relation to these events.

INTRODUCTION:

For 150 years from late 1840s, wool was the number one industry in Australia that helped build Australia by fulfilling a quarter of world's need for wool (Lee, 2011). The reasons behind Australia's high quality wool can be attributed to many factors, but are predominantly the experience and expertise of Australian farmers in selecting superior animals for breeding purposes, and in using the harsh Australian climate to produce clean, fine wool of high strength (Australian Bureau of Statistics, 2003). This massively successful Australian industry, however, suffered one of the greatest economic collapses. It was not only an economic collapse, its shocks were seen in Australia and beyond in terms of social upsets, murders, suicides, bankruptcy and many other untold social disasters. What were the reasons that resulted in this collapse? This is what we will explore through this article.

The Australian Wool Corporation (AWC) and the Wool Council of Australia were given the power by the government in the mid-1980s to set the floor price. This floor was used to drive up prices to artificial and unsustainable levels, which eventually bought about the demise of the scheme. The crash could only be described as Australian agriculture's greatest financial disaster. In January 1991 the Australian Government announced the suspension (and later the abandonment) of the Wool Reserve Price Scheme. The price of wool fell overnight from 700 cents per kilo (c/kg) to 430 c/kg (Bardsley, 1994) leaving the Australian industry with a stockpile of 4-6 million bales of wool (close to one year's normal production) and a debt of A\$2.7 billion with the famous Australian sheeps being shot around. The farmers and property investors sunk in debts as they were counting on the floor price to continue into the 1990s (Lee, 2011).

RESEARCH QUESTIONS:

1. The wool market had a price floor from the mid-1980s to the late 1990s. What does this mean and why did the Australian government impose this?

2. Is there a downside to having a price floor in any market in general and in the wool market in particular?
3. Instead of imposing a price floor in the wool market, what one other option could the Australian government have chosen?

PRICE FLOOR AND REASONS WHY AUSTRALIAN GOVERNMENT IMPLEMENTED THIS:

In order to effectively explain the implications of price floor between mid-1980s and late 1990s, a brief overview of price floor concept is presented first.

'A price floor is the lowest legal price a commodity can be sold at. Price floors are used by the government to prevent prices from being too low. The most common price floor is the minimum wage--the minimum price that can be paid for labour. Price floors are also used often in agriculture to try to protect farmers.'(Taylor, 2006)

As described in the above mentioned definition, price floor means a government fixed price for commodities or services. During the mid-1980s and late 1990s, government introduced this fixed lowest price limits or the 'price floor' for the sale of wool.

Why did the Australian government impose this:

The reason why Australian government imposed this price floor is explained by Wool Producers, Australia who have described the wool reserve market scenario in the late 60's and early 70's when the wool prices were tumbling and there was concern that the overseas buyers were colluding to keep the price low. At that time, Australia had a record 180 million sheep. Considering these factors, Sir William Gunn convinced the Government of the day to introduce the reserve price scheme ("A wool man who changed the landscape," 2003), a Government guarantee supporting a floor price for wool. A reserve price was accordingly introduced in 1974 with the intention to guarantee Australian wool growers a minimum price for their wool. The aim of the scheme was to stabilise future large movements in wool prices by purchasing wool which did not achieve the agreed floor price and then selling wool later in times of buoyant demand (Australian Bureau of Statistics, 2003). AWC and the Wool Council of Australia were given the power by the Labour Government in the mid-1980s to set the floor price.

Supply and Demand Diagram:

Before discussing the supply and demand diagram of this particular case study, following is a broad overview of basic economic principles of supply, demand and price relationship.

'Supply and demand' is an economic model of price determination in a market. It concludes that in a *competitive market*, the unit price for a particular good will vary until it settles at a point where the quantity demanded by consumers (at current price) will equal the quantity supplied by producers (at current price), resulting in an *economic equilibrium* of price and quantity (Besanko, Ronald R. Braeutigam, & Gibbs, 2011).

The four basic laws of supply and demand are:

- If demand increases and supply remains unchanged, then it leads to higher equilibrium price and higher quantity (as the demand needs to be fulfilled, purchase shall be made at a higher price)
- If demand decreases and supply remains unchanged, then it leads to lower equilibrium price and lower quantity (as the goods which are in abundance and not in demand can lead to huge capital tied in inventories or piles of waste)
- If supply increases and demand remains unchanged, then it leads to lower equilibrium price and higher quantity (excess goods have to be sold and it is not possible to do that with existing market demand and price which leads to reduction in price to encourage higher purchase quantities and achieving the equilibrium back)
- If supply decreases and demand remains unchanged, then it leads to higher equilibrium price and lower quantity (as buyers would be facing severe competition to fulfil their demands and keep themselves in business)

This was the scenario during the wool reserves price-floor times. Following demand and supply diagram depicts the scenario:

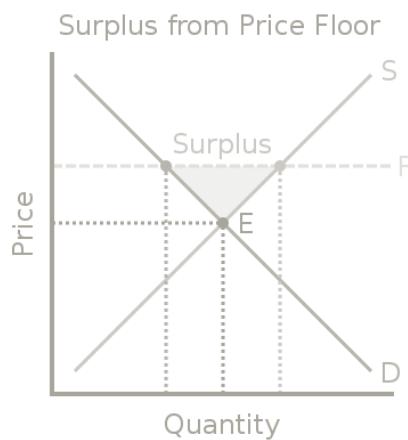


Figure 1: Surplus from wool price-floor

Where,

F = Price Floor, set for wool reserve by Government

D = Wool Reserves Demand

S = Wool Reserves Supplies

E = Equilibrium Price

It is evident that the price floor was set above the equilibrium price to ensure that wool growers get good return on wool production.

THE DOWNSIDE TO HAVING A PRICE FLOOR IN ANY MARKET:

The price floor can be set above or below the equilibrium price with certain side effects(Besanko et al., 2011).

A price floor can be set below the free-market equilibrium price. In this case, the floor has no practical effect. The government has mandated a minimum price, but the market already bears a higher price.

In contrary to that and exactly what Australian Wool Corporation did was to set the price floor above the free-market (equilibrium) price, to ensures that the prices stay high so that product can continue to be made. This approach has some downsides as well.

Consumers find they must now pay a higher price for the same product.

As a result, they

- *Reduce their purchases or*
- *Drop out of the market entirely*

In other words, the demanders will purchase the quantity where the quantity demanded is equal to the price floor, or where the demand curve intersects the price floor line.

Suppliers find they are guaranteed a new, higher price than they were charging before. As a result, they

- *Increase production*

In other words, the suppliers (producers) are willing to supply more than the equilibrium quantity and will supply where their marginal cost is equal to the price floor, or where the supply curve intersects the price floor line.

This causes an **economic imbalance** where the supply is in access ('Surplus') and demand is scarce.

If the surplus is allowed to be in the market then the price would actually drop below the equilibrium.

How to avoid price drops:

In order to prevent this, the government must step in with the following few options:

1. They can buy up the entire surplus (which was done by Australian Wool Corporation)
2. They can strictly enforce the price floor and let the surplus go to waste. This means that the suppliers that are able to sell their goods are better off while those who can't sell theirs (because of lack of demand) will be worse off. Minimum wage laws, for example, mean that some workers who are willing to work at a lower wage don't get to work at all. Such workers make up a portion of the unemployed (this is called "structural unemployment").
3. The government can control how much is produced. To prevent too many suppliers from producing, the government can give out production rights or pay people not to produce. Giving out production rights will lead to lobbying for the lucrative rights or even bribery. If the government pays people not to produce, then suddenly more producers will show up and ask to be paid.

4. They can also subsidize consumption. To get demanders to purchase more of the surplus, the government can pay part of the costs. This would obviously get expensive really fast.

Downsides of price floor for the wool reserves:

The three principle selling methods for wool include public auction, public tender and private treaty. However, over the recent years, 80-90% of the sales are through public auction. Reserve price scheme (price floor) was a key feature for this type of selling. Wool has an unstable and unpredictable demand patterns. Researchers have found higher price fluctuation in wool as compared to other commodities and difficulties in its demand forecasting. This implied sub-optimal decision responses (Oczkowski, 1997).

Discussing the wool reserves price floor scenario, Charles Massy, author of a detailed book on Australian wool industry's ups and downs, claims that this floor was used to drive up prices to artificial and unsustainable levels, which eventually brought about the demise of the scheme (Clancy, 2011).

Some of downsides of this price floor mentioned by Mr. Massy include:

- An over-supplied wool market and shooting of sheep
- A stockpile of 4.7 million bales
- An industry debt of \$2.7 billion
- An overall industry cost as much as \$12 billion

The scheme worked well, though, until the mid-eighties.

Richard House while discussing the honest intentions at the time of RPS implementation and explaining the impacts of price floor believes "At a time when rural commodities were struggling, the move to put a floor in the market at the cost of production to protect growers was probably well intentioned" (House, 2011). He continues, "But it appears for whatever reason, maybe *greed or arrogance*, the parameters were changed and it began to be used as *a measure to force prices up rather than guarantee a floor price*. "We are in a fibre market competing against other fibres and if we don't remain viable we don't survive. "Wool is like any other commodity where supply and demand will dictate price."

INSTEAD OF IMPOSING A PRICE FLOOR IN THE WOOL MARKET, WHAT ONE OTHER OPTION COULD THE AUSTRALIAN GOVERNMENT HAVE CHOSEN:

Following outlines a possible alternate strategy for Australian Wool Industry in mid-1980s:

- A thorough analysis of existing and future market fluctuations in demand based on local and international political, financial and economic situations
- A comprehensive study of existing wool industry supply patterns, factors affecting production and quality and supply stability
- Comparison between:
 - maximum demand and minimum production,
 - maximum demand and maximum production,
 - minimum demand and minimum production,
 - minimum demand and maximum production

- Identification of possible surplus or deficits/ shortages from above analysis
- In case of higher expected shortages, development of future markets and incentives for local growers including subsidies, training and development, increased competitive advantage attainment against the alternate exporting countries
- In case of higher surplus expectation, encouraging production of other commodities and effectively utilizing resources to add productivity, utilization of quota system with tailor-made design, taxes and other arrangements
- Another arrangement where surplus is expected and other industries cannot be immediately developed, governments can offer certain financial assistance (weighed with the expected loss of overproduction and stock-keeping costs) to the disadvantaged industry

If support is required for certain disadvantages industries, it is always useful to shift their demand curve upward which results in an increased demand at the same price. Equilibrium price also moves up and greater revenue is available.

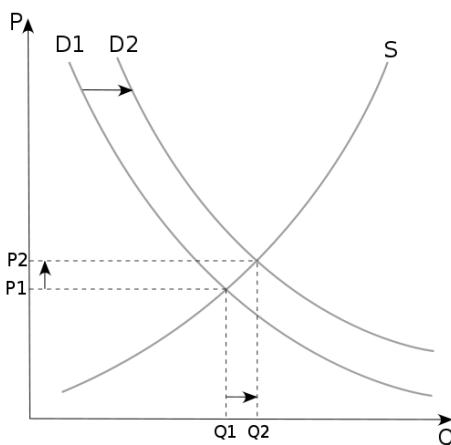


Figure 2: Demand curve shift

This was one of the recommendations of 'The Committee for Retention and Improvement of Free Wool Market' (1965): "The positive strategy for wool growers is to make wool available in sufficient quantities to keep the price competitive with substitutes. If funds are available from grower or government sources, it would be a real contribution to future of wool growing to apply them to a dynamic policy aimed at increasing the demand for wool. This could be done through vigorous programs of research and promotion which would improve the product and presentation". (The Committee for Retention and Improvement for the Free Wool Market, 1965)

CONCLUSION:

The current situation of Australian wool industry where it is producing a third of what it used to produce a decade ago (Fitzgerald, 2011). Massy in his comprehensive case study 'Breaking The Sheep's Back' concludes that the collapse of the reserve price scheme not only constitutes, by a wide margin, Australia's largest business-corporate collapse but that the scheme was "one of the worst government-generated policy calamities in Australian history" (Massy, 2011). From the analysis presented in this article, we have seen the economic aspects related to downfall, potential mistakes

in approach adopted to deal with this issue and matters that could have been handled differently. It is important that we learn from our past by thoroughly analysing it and construct our future by thoroughly planning it. Australia's future is bright and it is in our hands to make it even brighter.

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ASSESSMENT OF COFFEE IMPORT TO AUSTRALIA FROM INDIA AND INDONESIA

Sadiq ul Hasan

ABSTRACT:

Australia is among the major coffee consumers. Local industry, which started to establish around a century ago, is not currently in a position to meet local demand. Accordingly, Australia has to import its coffee from other countries. In this paper, we have presented an analysis on the feasibility of importing coffee from India and Indonesia. Research suggests that it is feasible to import from either of these countries. However, the decision in this regard has to be based on analysis of a broader portfolio of coffee exporters from these countries, logistics mechanisms, labour rates from exporting countries, social and environment practices and other relevant factors.

INTRODUCTION:

Coffee is the world's second most valuable traded commodity, behind only petroleum. Over 2.25 billion cups of coffee are consumed in the world every day and over 90% of the coffee in those cups is produced in developing countries while consumption happens mainly in the industrialized economies (Stefano Ponte, 2002).

Faris Alkhateeb explains the history of coffee as follows (Alkhateeb, 2013):

According to the historical record, in the 1400s coffee became a very popular drink among Muslims in Yemen, in the southern Arabian Peninsula. The legend goes that a shepherd (some say in Yemen, some say in Ethiopia) noticed that his goats became very energetic and jumpy when they ate beans from a particular tree. He had the courage to try them himself, noticing they gave him an energy boost. Over time, the tradition of roasting the beans and immersing them in water to create a sour yet powerful drink developed, and thus, coffee was born. Regardless of whether or not the story of the shepherd ever really happened, coffee found its way from the highlands of Yemen to the rest of the Ottoman Empire, the premier Muslim empire of the 15th century. Coffeehouses specializing in the new drink began to spring up in all the major cities of the Muslim world: Cairo, Istanbul, Damascus, Baghdad. From the Muslim world, the drink found its way into Europe through the great merchant city of Venice. Although it was at first denounced as the "Muslim drink" by Catholic authorities, coffee became a part of European culture. The coffeehouses of the 1600s were where philosophers met and discussed issues such as the rights of man, the role of government, and democracy. These discussions over coffee spawned what became the Enlightenment, one of the most powerful intellectual movements of the modern world. From a Yemeni/Ethiopian shepherd to shaping European political thought to over 1 billion cups per day, this Muslim innovation is one of the most important inventions of human history.

Coffee was first grown in Australia over a century ago, without much economic success. Australia, now, is ranked 42nd in the world for coffee consumption at 3kg per capita (Campbell, 2015).

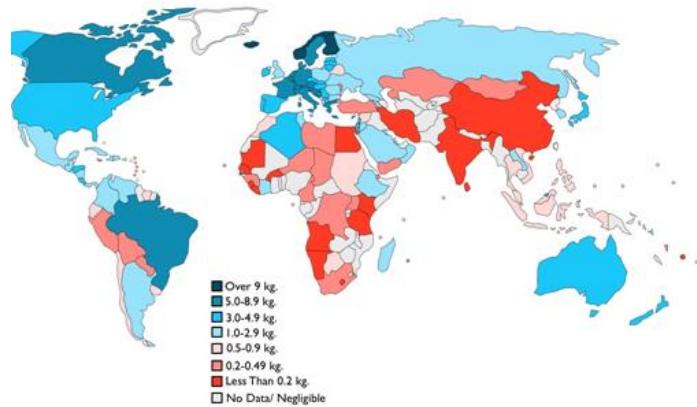


Figure 1: World Coffee consumption comparison

Australians are drinking more coffee than ever but the challenge for entrepreneurs is finding the profitable part of the chain (Fitzsimmons, 2014). It is important to note that local growers produce about 200 tonnes while about 435 times this quantity is imported (Edwards, 2015). The high cost of labor made commercial coffee growing unprofitable until mechanical harvesting became common in the 1980s. Though in overall terms, the current level of production in Australia is very small. But over a passage of time, there has been an improvement and a growth trend. Another interesting point to note is that the half of the locally produced coffee is exported, however, it is such a small amount that it does not even get listed in the International Coffee Organization's production statistics. There has been an investment in the specialty coffee industry in Australia along with increasing market presence.

There is a variation in the reports about exact quantity of coffee imports due to various forms in which it is imported however, there is absolutely no doubt that an extremely large volume of it, as compared to locally grown coffee, needs to be imported. This is also shown by the import trends which show steady growth over the years.

Table 1: Coffee Bean Imports to Australia since 2003

Market Year	Bean Imports	Unit of Measure	Growth Rate
2003	670	(1000 60 KG BAGS)	NA
2004	735	(1000 60 KG BAGS)	9.70 %
2005	790	(1000 60 KG BAGS)	7.48 %
2006	830	(1000 60 KG BAGS)	5.06 %
2007	885	(1000 60 KG BAGS)	6.63 %
2008	910	(1000 60 KG BAGS)	2.82 %
2009	950	(1000 60 KG BAGS)	4.40 %
2010	1035	(1000 60 KG BAGS)	8.95 %
2011	1110	(1000 60 KG BAGS)	7.25 %
2012	1135	(1000 60 KG BAGS)	2.25 %

2013	1180	(1000 60 KG BAGS)	3.96 %
2014	1185	(1000 60 KG BAGS)	0.42 %
2015	1310	(1000 60 KG BAGS)	10.55 %

("Australia Green Coffee Bean Imports by Year (1000 60 KG BAGS)," 2016)

With such high percentage of import, it is important that we use the most feasible sources to ensure maximization on our return on investment and minimizing the cost of imports. This paper will accordingly review the feasibility of importing coffee from India or Indonesia.

COUNTRY OVERVIEW:

In order to better explain the import aspects related to India and Indonesia, it is useful to have a broad overview of GDP of the three countries under consideration in this paper.

AUSTRALIA:

Following is a broad overview of Australian GDP and its components.

The relationship between 'Exports', 'Imports', 'Private Consumption', 'Private Investments' and 'Government Expenses' is shown by a parameter known as GDP. It is, mathematically, represented as: $GDP = C + I + G + (EX - IM)$, where C = private consumption, I = private investment, G = government expenditure, EX = exports of goods and services, IM = imports of goods and services

Figure 2 shows the composition of Australian GDP.

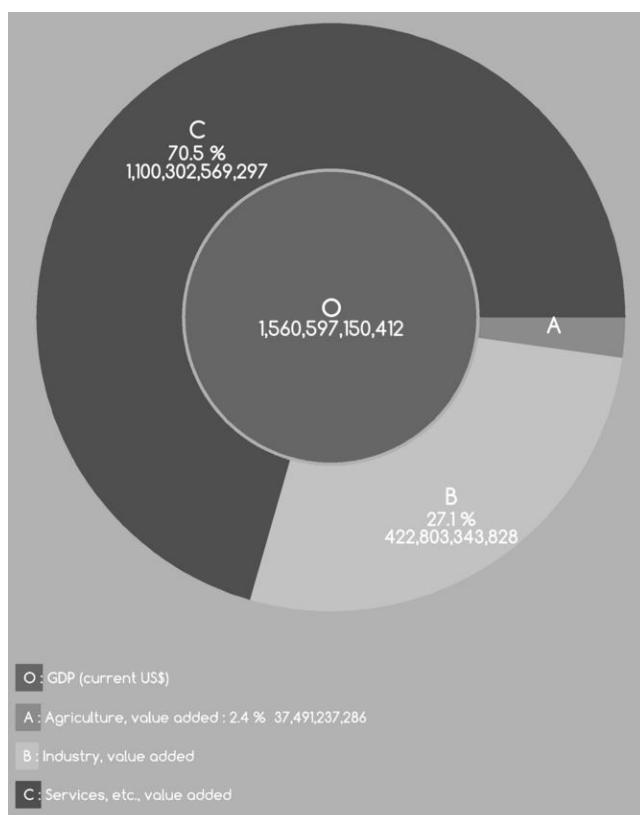


Figure 2: Australian GDP Composition ("Australia," 2015)

Australia's Major Agricultural Products are as follows:

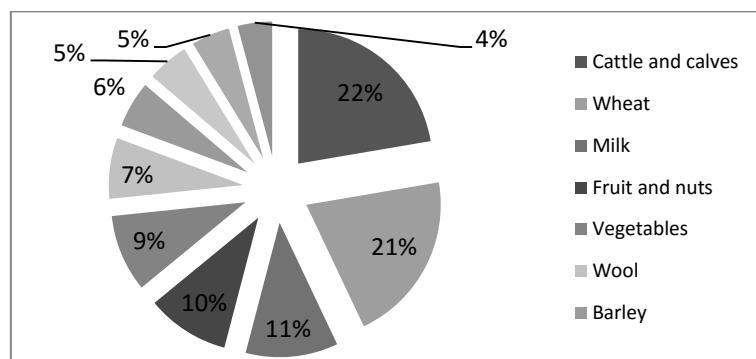


Figure 3: Australian Agricultural products

Australian Agriculture is highly dependent on food exports - 58 per cent of the total food product is sold overseas, generating 70 per of the sector's total value (Nunzio, 2014). However, we do not see coffee in this chart which re-emphasizes the point that local production is not sufficient to meet coffee demands and import is a necessary option.

INDIA:

Following is breakdown of India's GDP:

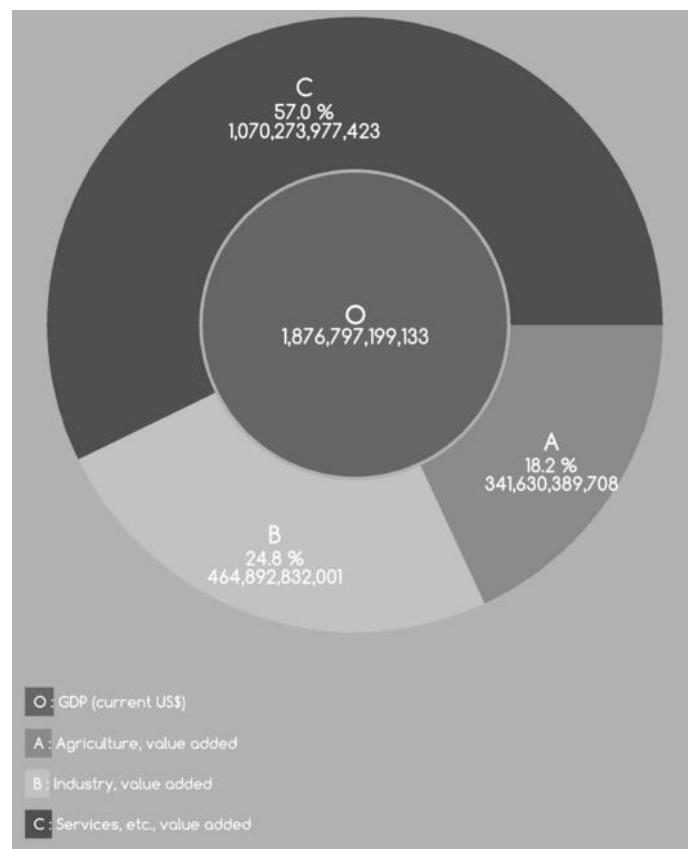


Figure 4: Components of Indian GDP ("India," 2016)

As compared to Australia, India has significantly higher contribution from Agriculture and industry, whereas services sector, though strong, is much lesser in percentage as compared to Australia. The economy of India is the tenth-largest in the world by nominal GDP and the third largest by purchasing power parity (PPP). India is the nineteenth largest exporter and tenth largest importer in the world. The industry employs 14% of the total workforce. India is 11th in the world in terms of nominal factory output according to data compiled through CIA World Factbook figures.

INDONESIA:

GDP breakdown for Indonesia is as follows:

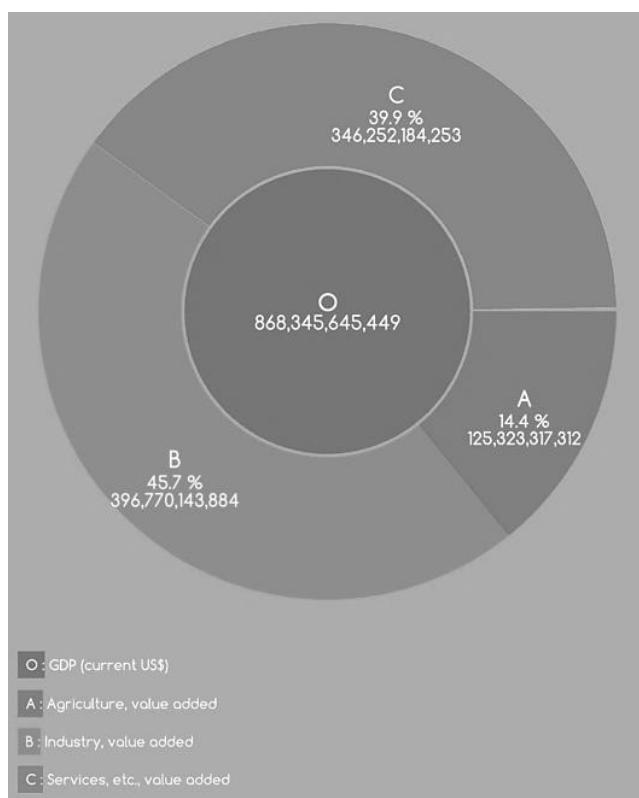


Figure 5: Components of Indonesian GDP (“Indonesia,” 2016)

Contribution from Industry, value-added, is highest in the case of Indonesia in comparison to Australia and India. Indonesia has the largest economy in Southeast Asia and is one of the emerging market economies of the world. The country is also a member of G-20 major economies and classified as a newly industrialised country.

Indonesian GDP per capita is expected to double by 2020 (Anwar, 2014).

FEASIBILITY FROM SUPPLY CAPABILITY POINT OF VIEW:

Coffee that is sold on the world market is usually a combination of roasted beans of two botanic types: arabica and robusta. The difference between these two types mainly lies in its taste and the level of caffeine. Arabica beans, more expensive on the world market, have a milder taste and contain approximately 70 percent less caffeine than robusta beans (“Coffee in Indonesia - Production & Export Indonesian Coffee,” 2015). Arabica is the more common type of bean grown (70

percent of coffee is Arabica), and it's considered more flavourful. Robusta is harder and cheaper, most commonly seen in instant coffee jars. Robusta coffee is a variety of coffee, which has its origins in central and western sub-Saharan Africa. It is a species of flowering plant in the Rubiaceae family. Robusta is also an important part of traditional espresso blends, where it adds characteristic flavours. Robusta is mostly used in instant coffee and other manufactured products.

Whereas, coffee arabica is a species of coffee originally indigenous to the mountains of the southwestern highlands of Ethiopia. It is also known as the "coffee shrub of Arabia", "mountain coffee" or "arabica coffee". Coffee arabica is believed to be the first species of coffee to be cultivated, being grown in southwest Arabia for well over 1,000 years.

The subtropical and equatorial regions provide good conditions for coffee to be grown. Therefore, countries that dominate the world's coffee production are found in South America, Africa, and Southeast Asia.

Following is an overview of the global coffee production.

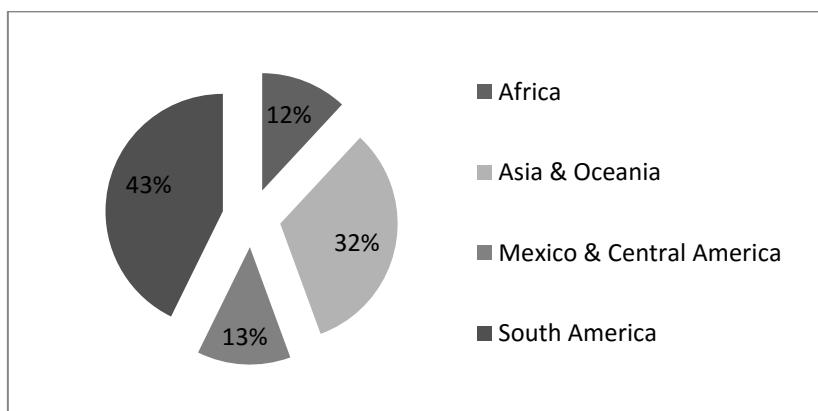


Figure 6: Global Coffee Production

We see that major producers, as regions, are 'South America' and 'Asia and Oceania'.

Following is an overview of top six individual countries in this mix:

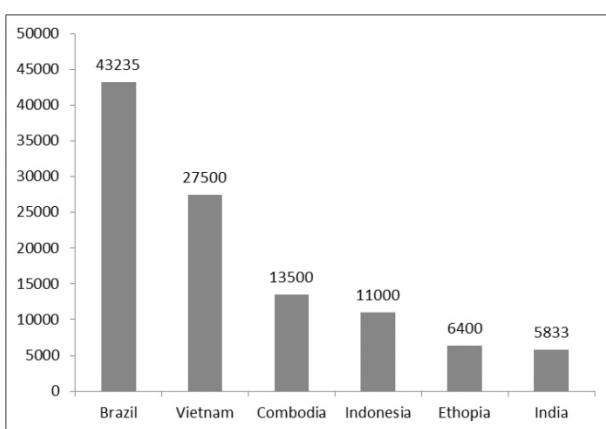


Figure 7: Top Six Coffee Producing Countries (ICO, 2016)

This chart provides us valuable insights regarding the major producers. However, this is not the complete picture. In order to make the import decisions, we also have to see the volume they have

available for the export market. This would be governed by the comparison between their local demand and their production output. Following table provides useful insights into this aspect.

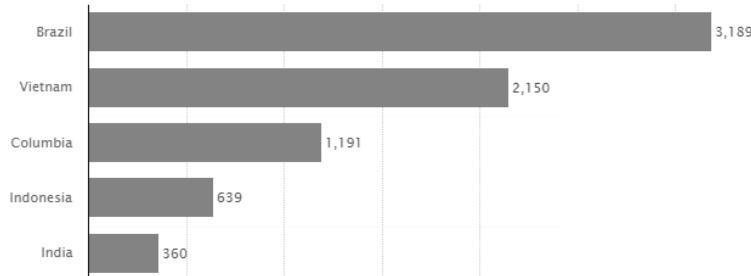


Figure 8: Top 5 coffee exporters – 1000 x 60 kg bags (“Export volumes of coffee-producing countries, 2015 | Statistic,” 2015)

From this chart, it is very evident that after satisfying local consumption, both the countries under discussion, India and Indonesia can satisfy the local demand very comfortably with spare coffee to continue exporting to other countries.

FEASIBILITY FROM LOGISTICS POINT OF VIEW:

In this section, we will discuss imports from India and Australia from logistics cost point of view by using the geo-maps.

Coffee exports from India:

Almost 80% of the country's coffee production is exported, 70% of which is bound for Germany, Russian federation, Spain, Belgium, Slovenia, United States, Japan, Greece, Netherlands, and France. Italy accounts for 29% of the exports. Most of the export is shipped through the Suez Canal.



Figure 9: Broad Geomap of Indian Exports

Geo-map constructed for major Indian export markets suggest that Australia can be a more cost-effective option for Indian exporters as compared to some far off customers. From an Australian perspective, it means that Indian exporters may be able to offer better prices to Australian importers due to reduced logistics expenses.

A report produced by Ministry of Agriculture, Government of India on 'Coffee Export from India', it is mentioned in the conclusion that it would be a preference for Indian Coffee Industry to capture high price markets including Australia (*Coffee export from India, 2013*).

Coffee exports from Indonesia:

Most of Indonesia's robusta is used in instant coffee and other manufactured products. The domestic market consumes about 150,000 metric tons of robusta annually. The main markets are Philippines, the United States, western Europe, and Japan, (Anwar, 2014) although demand from emerging markets such as Russia, China, Taiwan, South Korea and Malaysia is increasing.

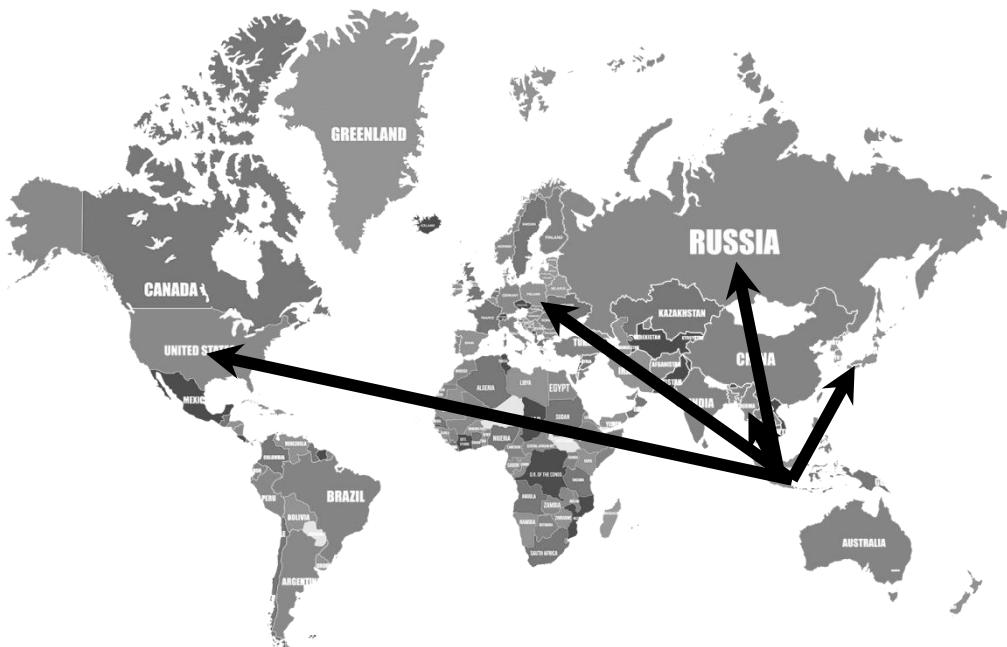


Figure 10: Broad Geomap of Indonesian Exports

The geo-map shows that the best export option for Indonesia is Australia due to closer proximity. This is also true for Australia as it would mean much lower logistics prices, lesser lead times and accordingly less inventory. It is evidently a win-win situation if all other associated conditions work well too.

Australian Imports:

Australia imports both Arabica and robusta varieties. Arabica varieties are offered in most cafes through freshly ground beans. Instants coffees, on the other hand, use Robusta. Demand for robusta

has slightly declined (42% to 38%) in the last few years with more customer going for arabica coffee (Boothroyd, 2013).

Traditionally Australia imports bean from PNG, (35%). Vietnam is now the second biggest coffee supplier to Australia, followed by Indonesia, Brazil, India, Thailand, Colombia and Costa Rica (*NSW Coffee Industry Report*, 2013).



2

Figure 11: Broad Geomap of Australian Imports

This shows that Australia is importing coffee from a number of countries including Indonesia and India. However, some of the importers are from Americas which means higher logistic cost. If market shift happens in the coming year and suppliers get contracts from locations nearer to them, it would globally reduce the logistic expenses and would provide better price structure for the importers.

From the geo-mapping, we infer that Indonesia is a more suitable option to import coffee from.

FEASIBILITY FROM VARIETIES AND QUALITY POINT OF VIEW:

From Indonesia, we know that both Arabica and Robusta varieties are produced in significant quantities, as shown in the graph below.

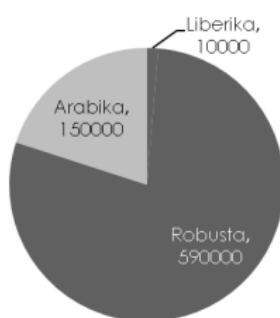


Figure 12: Approx. Production of Coffee in Tons (Anwar, 2014)

In addition to this, Indonesia also produces some speciality Coffee varieties which are unique to it and not found anywhere else. This can be an added advantage for Australian speciality coffee market.

India also produces both Arabica and Robusta varieties. 70% of exports from India are Robusta (Parija, 2015) which is approximately the same as Indonesia. However, as Indonesian production is almost double as compared to India, it means the higher potential to supply varieties required in Australia. However, in 2015, Arabica exports from Indian plunged due to pest attacks and varying price. While the robusta shipments increased 23%, exports of arabica fell 26% (Krishnakumar, 2016).

This aspect of Indian market shows a risk with regards to quality and sustainability of supply. On the other hand, Krishnakumar mentions that shortage of supply from Brazil is made up by Indonesia, Vietnams, and other big suppliers.

Coffee Prices:

The International Coffee Agreement (ICA) is an international commodity agreement aimed to achieve a reasonable balance between the supply and demand of coffee at a higher price than would otherwise be the case. Export quotas are the principal instruments used.

ICO established the indicator price system in 1965 to provide a reliable and consistent procedure for reporting prices for different types of coffee, as well as an overall or composite price which would reflect aggregated daily movements in the price of coffee. The ICO indicator price system is based on the four separate price groups:

- Colombian mild arabica
- Other mild arabica
- Brazilian and other natural arabica
- Robustas

Prices for these varieties are different. Robusta is the lowest priced variety.

The international coffee prices fluctuate depending on a number of factors (however, this fluctuation is not transferred to customers that often due to a number of intermediate layers of processing before it reaches the end-customer).

Carrier (2013) has explained the price fluctuation and factors that affect it. He has mentioned that pricing is driven up and down by variables like changing weather conditions in the major producing countries, political turmoil, speculation about production levels, changing transportation costs (which is governed by oil prices) and other unexpected factors. That word, “unexpected,” is key. For example, news of a possible drought or freezing conditions in coffee-producing areas would likely reduce global supply and thereby increase prices. Assuming demand stays the same, the decreased supply would drive up prices in order to achieve a market-clearing price.

As the coffee prices are set globally, it is not important that which country it is imported from in terms of pre-logistics price. However, what would matter is the mix of varieties required by importers and logistics expenses involved. As a strategy, it would beneficial for Australian importers

to work closely with neighbours like Indonesia and growing and importing better quality and right variety of coffee.

CONCLUSION:

Through this paper, we have seen that both India and Indonesia have enough coffee production and export capacity to meet Australia's coffee import requirements. In terms of logistics, it is beneficial for both the countries to export to Australia rather than some of their distant customers. This would result in lower logistic costs for both countries and accordingly lower price for Australia. However, Indonesia seems a more preferred option in terms of distances involved. From the perspective of varieties, both the countries are able to fulfil Australian requirements. However, risk factor with India is higher. Based on this, we recommend, Indonesia is a more preferred option.

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SETTLEMENT, LITIGATION AND LORD WOOLF'S REFORMS

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ABSTRACT:

Purpose of civil justice systems is to resolve disputes the involved parties in an effective, timely and efficient manner. Often, the benefits of civil justice systems are not limited to immediate case at hand but also similar future cases where the stakeholders become aware of implications of certain actions and choices. However, there are many factors arising from the practices related to settlement and litigation that can impact this civil justice system. In this paper, we have reviewed the settlement and litigation processes in terms of their impact on civil justice system. We have also reviewed the role of Lord Woolf's reforms in solving the issues arising from the use and misuse of these aspects.

INTRODUCTION:

In most dispute cases, parties settle the cases outside the court before the court proceedings. There are various motives and reasons for that. Sometimes it is because of lengthy court procedures. Sometimes, it is because of lack of understanding about court procedures and anxiety related to dealing with court matters. However, it cannot be guaranteed that any of the party is not exploited due to other party's influence or one's own lack of knowledge and high level of anxiety. In this paper, we will explore these aspects and identify the impacts of settlement, the litigation process and civil justice system.

OBJECTIVE:

Through this paper, we will conduct literature review and analysis to find out if following hypotheses are correct or not:

- Settlement, rather than litigation, poses a number of problems for a civil justice system
- These problems for civil justice system due to settlement have been largely resolved by Lord Woolf's reforms.

LITERATURE REVIEW AND ANALYSIS:

In order to understand the mutual relationship and impacts of settlement, litigation and civil justice system, it is important to review their definitions and the perceptions about them.

Settlement refers to a process in which most of the cases in the civil litigation system get resolved with a mutual agreement between the parties, plaintiff and defendant, either before or after the court activity or proceedings begin (Weisbrot, 2002). Weisbrot also mentioned that in most of the

cases, it happens before the case being brought to courts. A person who is at a risk of prosecution usually offers certain monetary or other incentives outside court which leads to formal or informal agreement or settlement between the parties and case does not come to courts. People mostly do this to control the situational risks ("What is Settlement Litigation?," 2011).

According to Business Dictionary, **Litigation** is defined as an "Ultimate legal method for settling controversies or disputes between and among persons, organizations, and the State. In litigation process, a case (called suit or lawsuit) is brought before a court of law suitably empowered (having the jurisdiction) to hear the case, by the parties involved (the litigants) for resolution (the judgment)" ("What is litigation?," 2007). In simple terms, Litigation refers to conduct of law suit which is a civil action in which court activity happens to provide equitable remedy for plaintiff for any loss incurred due to defendant's actions. Court makes the judgement based on evidence and available relevant information. Orders from courts are enforceable.

"Family Violence Program Shelter Center Provider Manual" from Texas Health and Human Services, US defines **Civil Justice System** as "A network of courts and legal processes that enforce, restore or protect private and personal rights" (*Family Violence Program Shelter Center Provider Manual*, 2008). It aims at ascertaining whether an "offender" is civilly liable for the losses sustained as a result of the crime or tort. Objectives of civil justice system include focus on enabling resolution of problems before they become disputes at an earliest opportunity and providing just and equitable access to legal processes without discrimination (Sheen & Gregory, 2012).

IMPACTS OF SETTLEMENT ON CIVIL JUSTICE SYSTEM:

- Purpose of settlement is not always to look for the 'best' option practically. It is sometimes done to avoid probable frustration from court processes (Weisbrot, 2002). Due to this reason, defendant may not get appropriate penalty for his wrong-doing and plaintiff may not receive appropriate compensation which can result in repetition of unjust behaviour causing reoccurrence of offense.
- Another way in which inappropriately managed or executed settlement can cause problems for the civil justice system is when settlement is done for wrong reasons (Weisbrot, 2002). In such cases, settlement can potentially result in serious breaches getting unpunished which strongly encourage same misdeed to be repeated. It can generate large number of other similar or related offenses becoming a serious threat for civil justice system.
- It is also found in studies that objectives of civil justice system are not restricted to resolution of private disputes and this should not make another critical interest in a democratic society ambiguous or doubtful resulting in imbalanced and inappropriate division of powers. According to a study by Australian Law Reform Commission, Australian Consumer and Competition Commission (ACCC) mentioned that it also aims at obtaining such strategic balance. They utilize negotiated settlements and ADR processes in order to acquire compliance from businesses in individual cases. On the other hand, they use litigation, as appropriate, in other cases to gain public reflection and to establish important legal precedents to discourage future recurrence (Sheen & Gregory, 2012). If settlement is always used as a preferred way, such precedents cannot be set.

- Settlements are mainly facilitated by mediators who are outside the system of courts and are paid by both parties (Winkler, 2007). It can cause problems for civil justice system in two ways. 1, the mediators cannot enforce their own decision. They have to let parties come to an agreement through their mediation. This can leave party with lesser influence or with lesser negotiation power at disadvantage. Two, if the mediator is not competent, it can further aggravate the situation and result in dispute which requires greater resources from courts.
- Due to excessive number of cases settled outside courts [96% in some states in Canada (Winkler, 2007) and 95% in USA (Leuschner, 2012)], there are fewer cases that come to court jury adding to opaqueness of civil justice system (Leuschner, 2012). This often results in unknown or not appropriately communicated agreements resulting in lack of transparency.
- Having said this, settlements have numerous positive impacts on the system as well. In many countries, civil justice system and relevant stakeholders are under pressure due to a number of factors including delays in processing, complex systems, diversity of cases, financial aspects, resource constraints and others. Due to these factors, policy makers do encourage 'alternate' solutions including settlements (Genn, 1997). This, therefore necessitate framework of rules in which settlements should happen governed by the importance and criticality of case at hand.

LORD WOOLF'S REFORMS:

Lord Woolf's analysis of civil justice system revealed that the litigation system was too expensive, too slow, lacking equality between powerful and wealthy litigants and under-resourced litigants, too uncertain in terms of the length and cost of litigation, too fragmented and too adversarial (Seneviratne & Peysner, 2006).

To overcome these gaps, he compiled his suggestions for reforms in "Access to Justice Report" (Woolf, 1996). His report was focussed around avoiding litigation and promoting settlement between parties at dispute.

Main points proposed by Lord Woolf include:

- Avoiding litigation, where possible
- Less adversarial and more co-operative systems
- Complexity reduction
- Shorter and firmer timescales
- More affordability and practicality
- Consideration towards value and complexity of individual cases.
- Provision of access to litigation on equal footing for parties with lesser financial means
- Clear distinction between judicial and administrative responsibility for the civil justice system.
- Effective deployment of judges to enable them comply with relevant system requirements and procedures
- Increased system responsiveness

IMPACTS OF LORD WOOLF'S REFORMS RELEVANT TO THE CONTEXT UNDER DISCUSSION:

Following analysis on Lord Woolf's reforms assesses the impacts on reducing problems for Civil Justice System caused by inappropriately handled or conducted settlements.

- As it has been mentioned previously that many settlements happen not because of the fact that ideal solution is reached but because parties want to avoid lengthy legal procedures and complex systems. Aim of reforms was to reduce complexity, increasing responsiveness, taking care of parties with lower financial position, reducing time scale and enhancing cooperation. All these aspects, if implemented, result in increased court effectiveness and resolution of issues in a timely manner providing due justice to all stakeholders. Reforms also shift control of proceedings and timeframe to courts by binding claimant and defendant under regulations and responsibilities to avoid delays resulting in shorter time frames to reach decision. Another recommendation to make it easier for parties to access civil justice system was to encourage use of single common expert rather than both parties engaging their own experts which was found to be a financially exhaustive and time consuming exercise.
- Pre-Action protocol, Part 36, Judicial Case Management and ADR ("PART 36 - OFFERS TO SETTLE. Judicial Case Management and ADR," 2013) was a brainchild of Lord Woolf and its relevant principles were adequately discussed in his reforms (Woolf, 1996). Purpose of these Protocols is to direct involved parties during the pre-litigation stage which will be taken into considerations by courts during and at the end of case while taking decision encouraging mutual exchange of complete information about claim in the beginning to avoid litigation by promoting settlement providing a healthy environment to take informed decisions. This way, settlement can happen in a controlled environment and in a fair manner with the availability of relevant information. If settlement is not possible and litigation is unavoidable to reach just decision, this process will ensure effective management of litigation.
- According to the protocol, it is the responsibility of plaintiff to provide details of the claim to the defendant beforehand. Similarly, defendant is required to respond to these claims within a stricter period of time. This established effective channels for sharing of relevant information relevant disclosures in timely manner ("PART 36 - OFFERS TO SETTLE. Judicial Case Management and ADR," 2013).
- Reviewing Lord Woolf's recommendations and Part 36 reveal availability of opportunity to any of the involved parties to make an offer in order to resolve the dispute. Lord Woolf advised that for a settlement offer to qualify as an offer under Part 36 it must be made in writing with the intention to have the consequences of part 36. There are numerous rules set around this including enforcement of settlement and relevant timeframes, consequences of refusal and other relevant aspects.
- Provision of tracks (small claim, fast track and multi-track) encourage dealing of cases based on their specific requirements resulting in more focussed approach from courts and spending resources where they are required more. This aspect could not be covered with

traditional settlement practice. This also ensures that critical cases receive due litigation consideration if required resulting in prevailing of justice in society.

- Focusing on ADR (Alternate Dispute resolution), Lord Woolf emphasis, "In recent years there has been, both in this country and overseas, a growth in alternative dispute resolution (ADR) and an increasing recognition of its contribution to the fair, appropriate and effective resolution of civil disputes ... litigation is not the only means of achieving this aim, and may not in all cases be the best" (Woolf, 1996). Loukas Mistelis in his case study of ADR in England and Wales considers it a successful case of public-private relationship (Mistelis, 2003).
- Loukas further discusses that Lord Woolf further suggested that according to Lord Woolf's reforms, the Court might of its own motion fix a hearing at which the parties could be required to explain what they had done to resolve a dispute without resort to the courts. This compels parties to make efforts for reaching a fair settlement before entering the litigation (Mistelis, 2003).

Many researchers believe that reforms have improved access to justice and overall structure of civil justice system is functioning much more effectively due to reduction in problems resulting from inappropriately conducted settlements (Goriely, Moorhead, & Abrams, 2002).

CONCLUSION:

Above mentioned analysis has been strongly supported by relevant statistics ("Woolf Reforms," 2015) including reduction of median time from medical report to settlement from 170 days to 123 days, reduction of claims to less than 1,90,000 in 2005 as compared to 2,20,000 in 1998, settlement of 70% of the cases at earlier stages, reduction of waiting time from issue of claim to trial from 85 weeks in 1998 to 52 weeks in 2005 in the county courts, 41.3 per cent drop in cases being litigated in the first year after reforms and further 1.7% decline in next 5 years till 2005 and handling of 70 per cent of the claims through the small claims track and 20 per cent through the fast track.

Considering above information, we are convinced that, although settlement, rather than litigation, poses a number of problems for a civil justice system in most cases, these matters have been largely resolved by Lord Woolf's reforms. However, in certain situations, it may be beneficial.

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A LITERATURE REVIEW ON CRM – DEFINITIONS, BENEFITS, COMPONENTS, AND IMPLEMENTATION

Michael Hayley

ABSTRACT

Technology has revolutionized a wide array of process and discipline across a range of different professions and disciplines. Customer relationship management or the CRM is one of them. CRM is a set of tools and systems that business deploys to improve their relationships with customers in order to retain them and maximize business benefits. In this literature review paper, we have analyzed the business impacts of CRM, its definitions, components, types and other relevant factors. This paper also presents a synthesis of results from previous studies regarding critical success factors of CRM systems which can be utilized in future implementations to ensure success.

INTRODUCTION

Business dynamics throughout the world is changing. Some companies are acquiring others and growing bigger and bigger. Some others are winding up and get extinct. Some are trying to stabilize themselves and are in the pursuit to improve their processes. In the middle of all this, there are many new entrants to the market who are keen to hunt their share of the pie. At the heart of all this is the customer relationship management which deals with how businesses manage their customers and improve their relationships with them. Companies which can effectively do this task are going to be the in the front row of competition and probably win in the business arena.

In this paper, we have explored this important aspect and elaborated the revolutionary role of internet technology in re-shaping this discipline.

WHAT IS CRM?

CRM stands for Customer Relationship Management and various definitions exist for this concept. This includes:

- “A way to identify, acquire, and retain customers” (based on a business perspective of increasing competition that is driving companies to focus on their customers) (Parthasarathy & Ramasamy, 2015)
- Customer relationship management (CRM) is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.(Sen & Sinha, 2011)
- “A way of automating the front office functions of sales, marketing, and customer service” (based on the relatively new phenomenon of the integration of previously separate applications such as Sales Force Automation and Customer Service Support into Enterprise Applications) (Parthasarathy & Ramasamy, 2015)
- For some vendors, whatever their current product may be, that is CRM (result of software vendors repositioning their information technology products and services under the CRM umbrella, to take advantage of the fast growth of the CRM market) (Parthasarathy & Ramasamy, 2015)

- “CRM is in fact about creating value for customers” (Cash, 1999)
- “CRM is a comprehensive approach which provides seamless integration of every area of business that touches the customer - namely marketing, sales, customer service and field support - through the integration of people, process, and technology, taking advantage of the revolutionary impact of the information technology. CRM creates a mutually beneficial relationship with your customers. It is fundamentally cross-functional, customer - focused business strategy”(Fulk& Whang, 2000).

CRM is actually all of this and above definitions are valid from different perspectives. All of them deal with customers and how relationships with them are effectively established for long-term business success. It is often driven by technology, nowadays, as it is no more feasible to remember their details through memory or write down in registers. Personalized experience lies at the very heart of CRM.

In our opinion, following definition sums it up efficiently:

CRM is first and foremost a strategy and corporate philosophy that puts the customer at the center of business operations so as to increase profits by improving customer acquisition and retention. It involves identifying high-value customers and automating processes so that sales, marketing, and service efforts will be more efficient and effective. In its complete form, CRM provides a 360-degree view of the customer and integrates all necessary information about the customer at every touch point – be it traditional voice, Internet-based, or wireless.(Doshi, 2003)

It is important to clarify that CRM is not a technology in itself but it utilizes technology to achieve its objectives. “Technology makes it possible to integrate the large volumes of customer information that are required for CRM, and to efficiently transform this information into useful knowledge. Technology also enables a company to interact with its customers in ways that provide value to the customer, as well as makes it easier for the customer to do business with them. However, leveraging this customer knowledge to make better business decisions and being ‘responsive to customers’ remains the responsibility of individual managers and workers at all levels within the company.

IMPORTANCE OF CRM:

- CRM is a business policy focused on maximizing shareholder value through charming, growing, and keeping the right customers (Parthasarathy & Ramasamy, 2015).
- Many researchers have focussed on CRM from the perspective of existing products. However, the role of CRM goes beyond that and it can also be used in the development of new products. The model proposed by Ernst, Hoyer, Krafft, and Krieger (2011) can be very useful in this regard.
- It deals with establishing and retaining a long-term relationship with customers which is essential for business success(Padilla-Meléndez & Garrido-Moreno, 2014).

- CRM is one of the key business strategies in the present era. Businesses have realized that their success and sustainable revenues are dependent on managing customer relationships and satisfying them.
- Market dynamics in the present age is not the same as it used to be a few years ago. It is not the age of simple cycle of produce-move-sell. It has now evolved to a state where keeping loyal customer is extremely important, be it a fast-moving good like cooking oil to a highly technical product like industrial machinery. Customers go to the suppliers from where they get the most satisfaction. It is the era of developing mutually long-term relationships with customers
- In the times of intense competition, especially during the economic stiles, it is essential for a business to retain and grow their business through CRM.
- CRM is conceptualized as an endogenously determined function of the organization's ability to harness and orchestrate lower-order capabilities that comprise physical assets, such as IT infrastructure, and organizational capabilities, such as human analytics (HA) and business architecture (BA). Our results reveal a positive and significant path between a superior CRM capability and firm performance. In turn, superior CRM capability is positively associated with HA and BA (Tim Coltman, Timothy M Devinney, & David F Midgley, 2011).

Key components within the scope of a CRM system are as follows (Doshi, 2003):

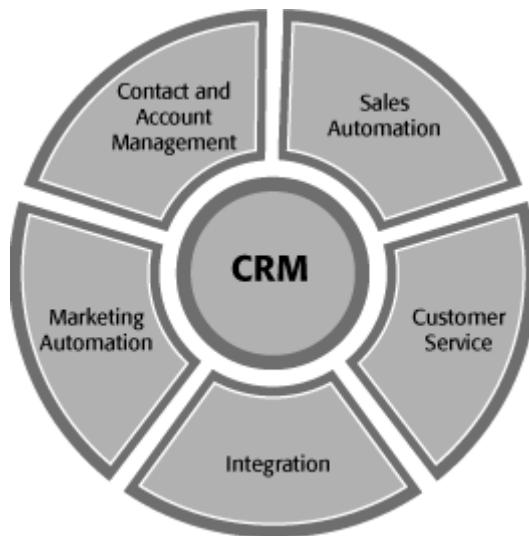


Figure 1: CRM scope

CRM AND THE INTERNET:

The Internet has significantly reduced the cost of managing customer relationships and increased the productivity of such tasks by manifolds. But this has also resulted in increased customer expectations which business need to keep pace with to retain and establish relationships with them (Norris et al, 2000).

Some of these expectations are:

- Reduced sales cycles
- Quicker product delivery
- Product delivery in newer formats and forms
- Personalized information
- Quicker resolution of service issues,
- Returns and compensations systems
- Quicker and safer payment procedures
- Online shopping and payment
- Added value at each stage of the transaction

Companies accordingly have to prepare to meet these increased expectation through the implementation of effective CRM systems (Matiş & Ilieş, 2014).

From above, it is clear the CRM is not a stand-alone system in the organization but it needs to be maintained well and integrated with other functions to construct a satisfying customer experience. A CRM strategy involves the entire enterprise and is employed on an ongoing basis (Sen & Sinha, 2011). Internet and networks are effective tools to implement this as they let organizations overcome the boundaries of time and distance across the supply chain creative effective and speedy solutions for customers.

All major companies around the world are very heavily relying on CRM in current times. Within Dell, for example, about 75 percent of order status transactions, and almost 50 percent of sales are enabled by the Web. Dell is moving these transactions online because customers told us they want faster, more efficient support for routine interactions. Over the phone, these transactions cost between \$3 and \$10 each, but the Internet lowers the cost to zero in most cases. More importantly, the entire process is more efficient for customers and enables Dell to extend cost savings to them, resulting in winners all the way around.

Halal explained that a positive customer experience is more successful in acquiring customer loyalty than the attributes traditionally considered to drive business sales, such as product selection, price, channels, locations, store appearance etc. (Halal, 2000). However, if these factors are fine-tuned from the CRM point of view, these factors can enable the business success.

Doing business on the internet is not just about providing services online. It is the whole experience which has to be carefully constructed to maximize the business benefits. It is about using the Internet to develop, maintain and manage positive relationships with customers, partners, and suppliers. The result is long - term relationships, repeat sales, business efficiency, and increased profitability. Companies that put a strategic focus on customers and leverage the capabilities of the Internet to enhance those relationships will survive and thrive in the Internet Marketplace.

As the internet has revolutionized other fields, in the same way, it has brought a revolution in the field of CRM and there are a number software packages now available in the market to serve this purpose.

COMPONENTS OF CRM:

Researchers have studied the CRM systems and identified their different components. It shows variation from system to system. Following is a snapshot of research synthesis from papers written by Saeed, Grover, Kettinger, and Guha (2011).

Citation	CRM Applications
Goodhue et al., 2002	<ul style="list-style-type: none"> • CRM applications (call centers, web marketing, web self service etc.) • CRM infrastructure (integrated applications with a common and standard data infrastructure) • CRM system to support organizational transformation (applications, data, and technical infrastructure)
Gefen and Ridings, 2002	<ul style="list-style-type: none"> • Operational CRM • Analytical CRM • Collaborative CRM • Additional modules (marketing campaign management and telemarketing)
Massey et al., 2001	<ul style="list-style-type: none"> • Customer interaction systems • Integrated channel management • Analytical tools
Karimi et al, 2001; Schierholz et al., 2007; Teo et al., 2006	<ul style="list-style-type: none"> • Operational systems • Collaborative systems • Analytical systems
Cooper et al., 2000	<ul style="list-style-type: none"> • Client information system • Product profitability analysis system • Contact management system • Distribution management system
El Sawy and Bowles, 1997	<ul style="list-style-type: none"> • Customer support management system • Knowledge base system

Figure 2: CRM Components

There are three main types of CRM.

a) Operational CRM:

Operations CRMS operate the dashboard to provide essential information about the customers such as:

- Customer details,
- Past sales,
- Previous marketing efforts,
- Summary of the relationships between the customer and the firm.

Operational CRM is made up of 3 main components:

- Salesforce automation,
- Marketing automation, and
- Service automation.

("Types of CRM and Examples | CRM Software," 2016)

b) Analytical CRM:

Through analytical CRM, customer data collected through various mechanisms is analyzed to see certain patterns, trends, and other important details. This enables the business to take better decisions. Analytical CRM systems use a variety of techniques for this purpose which includes:

- Data mining, (Tuzhilin, 2012)
- Correlation, and
- Pattern recognition
- Trend analysis
- Comparisons
- Factor analysis
- Assessment of external impacts etc.

This analytics helps improve customer service by finding small problems which can be solved, perhaps, by marketing to different parts of a consumer audience differently. ("Types of CRM and Examples | CRM Software," 2016)

c) Collaborative CRM:

The purpose of Collaborative CRM is to incorporate external stakeholders such as suppliers, vendors, and distributors and share customer information across organizations. This helps in continuous improvement and collaboration of the whole supply chain. For example, customer views are recorded at sales outlets or customer service centers, it can then be communicated to technical staff, which then passes it on to production. If need be, design and materials teams are involved as well to bring in end-to-end improvement based on customer expectation from the company. Information about company's response to customer feedback is then compiled and fed back to the customer, often with some compliments. This increases the trust and confidence of customer in company processes and its management resulting in sales from that customer, and the ones he/she will positively present the company to, will be likely to increase.

E-CRM:

E-CRM is not an equivalent of electronic CRM (Nykamp, 2001) rather it is the customer management for e-business that must confront the complexity of managing sophisticated customers and business partners in a variety of media including online and offline media, personal contact, and more automated and electronic forms of communication. With the use of new modes of communication in businesses, including the new rising force of social media, it is essential that companies understand them and include E-CRM in their processes to deal with such aspects.

SUCCESS FACTORS RELATED TO CRM IMPLEMENTATION:

Despite the fact that CRM projects incur huge expenditures, a large percentage fails to achieve the stated objectives. Inappropriate CRM decision-making and implementation can result in multi-million dollar losses, which can translate into a loss of competitiveness(Lin, 2013). Failure in CRM initiatives could be avoided if a firm's CRM strategies are intelligently linked with its employees, customers, channels, and IT infrastructure (Sen & Sinha, 2011).

Researchers have identified various success factors for CRM. Following is a snapshot of table presented in a paper written by Padilla-Meléndez and Garrido-Moreno (2014).

Authors	Croteau and Li (2003)	Chen and Ching (2004)	Jayachandran et al. (2005)	Sin et al. (2005)	Suntornpitug et al. (2010)	Chang et al. (2010)	Fan and Ku (2010)	Yang (2012)
<i>Studied factors</i>								
IT								
Technological readiness	✓	✓	✓	✓				✓
Technology integration			✓	✓		✓		✓
KM capabilities								
KM characteristics	✓	✓	✓	✓			✓	✓
Customer KM			✓	✓		✓		✓
Organisational readiness								
Top management support	✓		✓		✓	✓		
Employee training and motivation	✓	✓	✓	✓	✓	✓		✓
Organisational structure/processes			✓	✓			✓	✓
Customer orientation								
Customer service		✓	✓	✓			✓	✓
Key customer focus							✓	
Customer-centric culture						✓		

Figure 3: Snapshot of research synthesis regarding critical success factors for CRM (Padilla-Meléndez & Garrido-Moreno, 2014)

Research synthesis by Saeed et al. (2011) produced following synthesis:

Citation	Top Management Intervention	IT Management Intervention	Relationship Management Intervention
Goodhue et al., 2002	• Organizational sponsorship and commitment	• Incremental approach • Scope of the CRM project	
Chatterjee et al., 2002	• Top management beliefs • Top management participation • Strategic investment rationale		• Extent of coordination
Gefen and Riding, 2002		• System configuration	
Massey et al., 2001	• Executive level support	• IT as an enabler • System features	• Customer's point of pain
Kohli et al., 2001			• Effective relationship management
Wixom and Watson, 2001	• Management support • Champion		
Hong and Kim, 2002	• Manage resistance to change		
Lau and Hebert, 2001	• Ongoing management support • Champion	• Compatibility	• Team work • Cooperation
El Sawy and Bowles, 1997		• Integrated system	• Cross functional teams • Customer relationships
Guha et al., 1997	• Change agents • Champion • Change management	• Dominant, enabling or socio-technical	
Rainer and Watson, 1995	• Top management support • Executive sponsor • Manage organizational resistance		
Anderson et al., 1995	• Visionary leadership		• Internal and external cooperation
Kwon and Zmud, 1987	• Top management support	• Compatibility	• Informal networks • Inter-organizational dependence

Figure 4: Snapshot of research synthesis regarding critical success factors for CRM (Saeed et al., 2011)

These success factors need to be effectively considered during the pre and post implementation phases of CRM. In this regard, Amin-Reza Kamalian, Noor-Mohammad Ya'Ghoubi, and Fataneh Baharvand (2013) have produced a useful model and explained its each phase to facilitate implementation efforts.

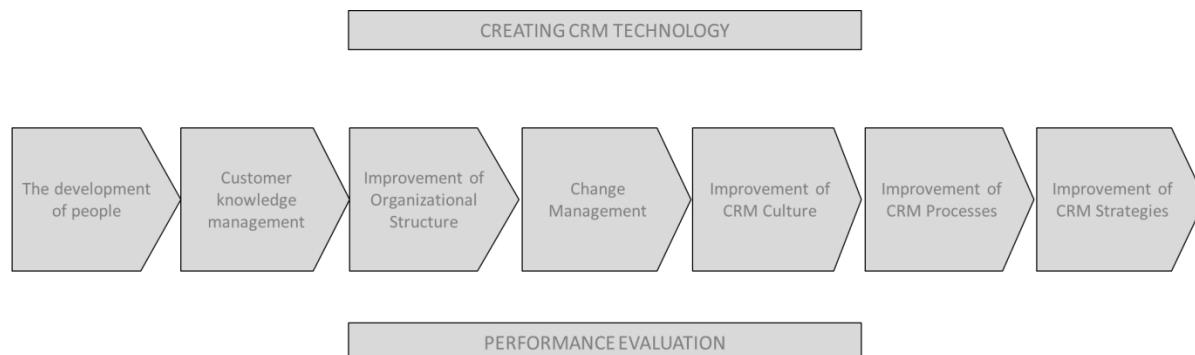


Figure 5: CRM Implementation Phases

CONCLUSION

In this paper, we have conducted the literature review on various definitions of CRM and reviewed what comes within its scope. This elaborates the importance of the integral role of CRM in present times of intense competition when the customer has to be given his or her due value and kept at the center of organizational processes. Customer relationship management is proven by researchers to be of great value to the company in terms of short-term and long-term success and customer retention. However, if implemented without considering essential success factors, it often results in huge losses for companies. Researchers have accordingly explored the key success factors for effective CRM implementation. These success factors have to be embedded in the system design and various phases of this implementation. This is not a choice anymore and has become one of the key items in the survival kit of business in the 21st century.

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**RECOMMENDATIONS FOR IMPROVEMENT IN AUDIT QUALITY - CORPORATIONS LEGISLATION
AMENDMENT (AUDIT ENHANCEMENT) BILL 2012**

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ABSTRACT

The audits are a tool that helps businesses gauge their performance against the objectives set for them by themselves, the governments, societies, communities, organizations and other relevant stakeholders. It is not only a mechanism to identify 'compliance' or 'non-compliance' but a measure to drive long-term continuous improvement in business processes. Accordingly, governments around the world, including Australia, set certain quality assurance criteria and governance principles around the auditing process in line with the relevant national objectives and productivity goals. To keep up with the changing times and newer dimension in the field, these legislations, codes of practices, guidance notes, standards and recommendations are reviewed and amended time to time. With each new amendment or change, it is important to analyse and present the value it brings to the processes so that auditors and auditees can understand the benefit it carries for them. Current paper is an attempt to present an overview of changes brought forth by Corporations Legislation Amendment Bill of 2012 (Australia).

INTRODUCTION

The Corporations Legislation Amendment (Audit Enhancement) Bill 2012, an outcome of extensive Treasury review and engagement of stakeholders in consultative processes, provides framework to ensure optimization of Australian Audit standards and alignment with international best practices. Following is a brief discussion on important recommendations regarding improvement of audit quality as mentioned in the bill:

PUBLISHING OF ANNUAL TRANSPARENCY REPORT:

Annual transparency reports are required to be published by large auditing companies who are engaged in auditing of 10 or more significant entities as per section 32 of the Bill. This reporting mechanism is put in place to ensure that auditors make all possible efforts to ensure transparency in their processes. This also encourages public feedback, criticism and analysis which brings process improvement and accordingly, auditing standards improve as a result. Another benefit from this is the infusion of positive competition between the major players who take reasonably good measures for improving audit quality and transparency to out-class their competitors. Such procedures serve as a guideline for emerging auditors. Usual contents of Annual Transparency Reports include:

- 'Description of auditor's top management commitment to quality and transparency',
- 'Audit quality assurance procedures, systems and practices',
- 'Explanation about the relevant organizational structure to support effective auditing process',
- 'Review of audit expertise with the firm, qualification and background of auditors',

- ‘Details of performance against their audit KPIs’,
- ‘Guidelines to assist audit committees in the evaluation of audit quality’ and
- ‘Statement showing compliance with legislative requirements and relevant auditing standards’.

Section 332B of the Bill provides details about contents of such reports. However, certain information can be removed from the report in case there is a chance of biasness about the auditor due to such information and note should be made in the report accordingly. In our opinion, this measure will bring great improvement in the overall functioning and effectiveness of auditing firms.

EMPOWERMENT TO ISSUE AUDIT DEFICIENCY REPORT:

As per section 50B and C of the Corporations Legislation Amendment (Audit Enhancement) Bill 2012, ASIC (Australian Securities and Exchange Commission) has been given the powers to issue ‘Audit Deficiency Report’ to certain Australian auditing firms. Commonly found audit deficiencies include:

- Non-compliance with ‘audit standards’,
- ‘Auditor independence requirements (as specified in the Section 324CE of Corporations Act 2001)’,
- ‘Relevant code of professional conduct’ and
- ‘Legal provisions regarding the conduct of audit’ or
- The matters about which ASIC is convinced that there are reasonable deficiencies with regards to auditor's quality control system or
- The matters demonstrating that the conduct of the audit negatively impacted the audit quality.

ASIC evaluates such gaps through a comprehensive assessment system operating under the umbrella of their ‘Audit inspection and surveillance programs’ and other relevant initiatives. Audit deficiencies, as explained above, determined by ASIC have to be communicated to auditor along-with any recommendations for improvement to which he is required to respond within six months with all relevant details in accordance with Section 50B of the Bill.

If ASIC is convinced that the reasonably practicable measures have not been taken, it can issue the Audit Deficiency Report as specified by section 50C of the Bill which may be published under certain conditions after appropriate consultation with stakeholders. In our opinion, this action will help establish strong control on organizations regarding audit quality and meeting required auditing standards.

REMOVAL OF DUPLICATION OF RESPONSIBILITIES BETWEEN ASIC AND FRC:

Duplication of responsibilities adversely affects the performance of entities. Considering this fact, current bill segregates the responsibilities of ASIC and FRC (Financial Reporting Commission) and removes duplication in operational activities regarding audit independence. The latter is required to gather relevant information only from the professional accounting bodies and its audit independence function is removed [1]. It is replaced by additional responsibility and focus regarding strategic policy advisory and audit quality reporting to the concerned minister and accounting

bodies. ASIC, after the passing of this bill, is the only responsible body to carry powers regarding Audit Independence. There is a framework for information sharing between ASIC and FRC which would continue to enable them collect required information without the duplication of responsibilities [2]. This measure is expected to bring uniformity in audit inspection procedures, clarity in communication and well-defined structure for responsibility and assurance.

ASIC TO DIRECTLY COMMUNICATE WITH AUDITED BODY:

In the subject Bill, ASIC has been given the authority to directly contact the audited bodies and their audit committees and communicate with them regarding any matters deemed necessary to be discussed with them during the performance of ASIC's statutory responsibilities. ASIC was previously not allowed to communicate with audited bodies directly due to confidentiality reasons. However, ASIC felt a need for empowerment to communicate as they, at times, were able to identify inappropriateness in audit conduct or relevant practices of the audit firm (through their audit inspection and surveillance programs) which they are unable to disclose to the audited body without the Audit firms consent in accordance with Division 2, Section 127, ASIC Act 2001 dealing with confidentiality requirements. These amendments have removed this restriction and ASIC will be able to get in contact with responsible persons in the audited body with regards to disclosure of relevant information. However, it should not disclose how a particular audit was done unless the auditor is notified at least seven days in advance. Joint Accounting bodies, who have contributed to the development of relevant auditing legislation by liaising with treasury and providing their useful inputs, have expressed their opinion that the preferred solution to deal with such cases would be to compel Auditing companies to informed audit bodies of any discrepancies in audit process, procedures or conduct and ASIC should not get involved in the process itself [3]. In our opinion, detailed pros and cons of both the approaches have to be identified in a forum providing due representation to all the stakeholders including major players from the audited bodies of various natures, major auditing companies, ASIC and others. This committee should make recommendations which are in the greatest interest of Australian businesses and economic stability.

2-YEAR EXTENSION TO THE 5-YEAR AUDITOR ROTATION REQUIREMENT

Auditor rotation requirement has been in place to ensure independence of audit function and necessitates that a particular auditor should not be involved significantly in an entity audit process for more than 5 out of 7 successive financial years [4]. It is obvious that an auditor gains more insights and experience while performing same or similar audit activity repeatedly and efficiency, depth and breadth of the audit accordingly increases. However, when the auditor is rotated, it is not unexpected that the new auditor would take settling in time. Audit firms take a variety of measures to avoid void for information due to rotations by establishing well-defined rotation schedules where lead and review auditors change at different intervals. However, there were concerns regarding this issue from more complex businesses where in-house information acquired over a period of time is of particularly high value. Current bill proposed extension of up to 2 years for the 5 year auditor rotation requirement if deemed necessary by responsible authorities or audit committees of listed entity and found beneficial for audit quality improvement through the retention of knowledge and experience without any conflict of interest situation or compromise on audit independence and objectivity. Recommendations for this increase in duration from audit committee should be in the

form of in-writing formal resolution, however, it is upon the discretion of directors to accept or reject this recommendation. This approach has certain benefits for auditing companies too [5]. This includes effective performance in auditing and reduction of cost implications associated with audit process. The possible risk with this approach is the chances of existence of common interest between the auditor and the audited entity due to a longer relationship for which adequate control measures shall have to be put in place. The joint accounting bodies [6] and FRC's Audit Quality Task Force [7] support this recommendation.

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